

SENATE BILL 1061

K4

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CF HB 1379

By: **Senator Madaleno**

Introduced and read first time: March 1, 2010

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **State Retirement and Pension System – Funding**

3 FOR the purpose of altering the determination of the State’s contribution for certain
4 plans in the State Retirement and Pension System; altering the number of
5 years certain unfunded liabilities of the State Retirement and Pension System
6 shall be amortized; requiring the State’s actuary to calculate a certain
7 alternative contribution rate for certain plans in the State Retirement and
8 Pension System; providing for the effective date of certain provisions of this Act;
9 providing for the termination of certain provisions of this Act; defining certain
10 terms; and generally relating to the funding of the State Retirement and
11 Pension System.

12 BY repealing and reenacting, with amendments,
13 Article – State Personnel and Pensions
14 Section 21–304 and 21–305.2
15 Annotated Code of Maryland
16 (2009 Replacement Volume and 2009 Supplement)

17 BY repealing and reenacting, with amendments,
18 Article – State Personnel and Pensions
19 Section 21–304
20 Annotated Code of Maryland
21 (2009 Replacement Volume and 2009 Supplement)
22 (As enacted by Section 1 of this Act)

23 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
24 MARYLAND, That the Laws of Maryland read as follows:

25 **Article – State Personnel and Pensions**

26 21–304.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (a) (1) In this section the following words have the meanings indicated.

2 (2) “Full funding rate” means the sum of:

3 (i) the aggregate normal rate that is based on the normal
4 contribution rate calculated under subsection (c) of this section and adjusted to
5 incorporate legislative changes in benefits to reflect changes to the normal cost; and

6 (ii) the aggregate unfunded accrued liability contribution rate
7 that is based on the unfunded accrued liability contribution rate under subsection
8 (d)(1) and (2) of this section.

9 (3) “Funding ratio for the employees’ systems” means the actuarial
10 value of assets for the employees’ systems divided by the actuarial accrued liability for
11 the employees’ systems.

12 (4) “Funding ratio for the teachers’ systems” means the actuarial
13 value of assets for the teachers’ systems divided by the actuarial accrued liability for
14 the teachers’ systems.

15 (5) **“PARTIAL FUNDING RATE” MEANS 90% OF THE FULL**
16 **FUNDING RATE.**

17 (6) “State member” does not include a member on whose behalf a
18 participating governmental unit is required to make an employer contribution under §
19 21–305 or § 21–306 of this subtitle.

20 (b) (1) Each fiscal year, on behalf of the State members of each State
21 system, the State shall pay to the appropriate accumulation fund an amount equal to
22 or greater than the sum of the amount, if any, required to be included in the budget
23 bill under § 3–501(c)(2)(ii) of this article and the product of multiplying:

24 (i) the aggregate annual earnable compensation of the State
25 members of that State system; and

26 (ii) [1. for State members of the Law Enforcement Officers’
27 Retirement System, State Police Retirement System, and the Judges’ Retirement
28 System,] the sum of the normal contribution rate and the accrued liability
29 contribution rate, as determined under this section[;

30 2. for State members of the Employees’ Pension System,
31 Employees’ Retirement System, Correctional Officers’ Retirement System, and
32 Legislative Pension Plan, the employees’ systems contribution rate determined under
33 subsection (e) of this section; or

1 3. for State members of the Teachers' Pension System
2 and Teachers' Retirement System, the teachers' systems contribution rate determined
3 under subsection (f) of this section].

4 (2) The amount determined under paragraph (1) of this subsection for
5 each State system shall be based on an actuarial determination of the amounts that
6 are required to preserve the integrity of the funds of the several systems using:

7 (i) the entry-age actuarial cost method; and

8 (ii) actuarial assumptions adopted by the Board of Trustees.

9 (3) For the purpose of making the determinations required under this
10 section:

11 (i) the Employees' Retirement System, the Employees' Pension
12 System, the Correctional Officers' Retirement System, and the Legislative Pension
13 Plan shall be considered together as one State system; and

14 (ii) the Teachers' Retirement System and the Teachers' Pension
15 System shall be considered together as one State system.

16 (c) (1) As part of each actuarial valuation, the actuary shall determine
17 the normal contributions, net of member contributions, on account of the State
18 members of each State system.

19 (2) For each State system, the normal contribution rate equals the
20 fraction that has:

21 (i) as its numerator, the sum of the normal contributions
22 determined under this subsection; and

23 (ii) as its denominator, the aggregate annual earnable
24 compensation of the State members of the State system.

25 (d) (1) Beginning July 1, **[2001] 2010**, each year the Board of Trustees
26 shall set contribution rates for each State system that shall amortize:

27 (i) all unfunded liabilities or surpluses accrued as of June 30,
28 2000, over 20 years; and

29 (ii) any new unfunded liabilities or surpluses that have accrued
30 from July 1 of the preceding fiscal year over **[25] 30** years to reflect:

31 1. experience gains and losses;

32 2. the effect of changes in actuarial assumptions; and

1 3. the effect of legislation effective on or after July 1,
2 2001.

3 (2) If the accrued liability is increased by legislation that provides for
4 early retirement of State employees, the additional liability shall be funded over a
5 period of 5 years beginning on:

6 (i) July 1, 1997 for legislation effective June 1, 1996; and

7 (ii) July 1, 1998 for legislation effective June 1, 1997.

8 (3) If the accrued liability is increased by legislation effective June 1,
9 1998, that provides for the early retirement of employees of the University System of
10 Maryland who are members of the Employees' Pension System or the Employees'
11 Retirement System, the additional liability shall be determined by the actuary and
12 funded over a period of 5 years beginning on July 1, 1999 by payment of an annual
13 accrued liability contribution by the University System of Maryland and the Medical
14 System as provided in § 21-307(h) and (i) of this subtitle.

15 (e) **(1) (I) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE**
16 **THE MEANINGS INDICATED.**

17 **(II) "EMPLOYEES' CORRIDOR FUNDING RATE" MEANS THE**
18 **ALTERNATIVE CONTRIBUTION RATE FOR THE EMPLOYEES' SYSTEMS**
19 **CALCULATED UNDER THIS SUBSECTION.**

20 **(III) "TEACHERS' CORRIDOR FUNDING RATE" MEANS THE**
21 **ALTERNATIVE CONTRIBUTION RATE FOR THE TEACHERS' SYSTEMS**
22 **CALCULATED UNDER THIS SUBSECTION.**

23 **(2) IN ADDITION TO THE EMPLOYER CONTRIBUTION CALCULATED**
24 **UNDER SUBSECTION (B) OF THIS SECTION FOR EACH STATE SYSTEM, THE**
25 **ACTUARY SHALL CALCULATE:**

26 **(I) AN ALTERNATIVE CONTRIBUTION FOR THE EMPLOYEES'**
27 **SYSTEMS USING THE EMPLOYEES' CORRIDOR FUNDING RATE; AND**

28 **(II) AN ALTERNATIVE CONTRIBUTION FOR THE TEACHERS'**
29 **SYSTEMS USING THE TEACHERS' CORRIDOR FUNDING RATE.**

30 **[(1) (3) (I) When the funding ratio for the employees' systems is**
31 **between 90% and 110%, inclusive, the employees' [system contribution] CORRIDOR**
32 **FUNDING rate is the EMPLOYEES' CORRIDOR FUNDING rate for the previous fiscal**

1 year, adjusted to reflect legislative changes that result in changes in normal cost and
2 to amortize over [25] 30 years any actuarial liabilities of the employees' systems.

3 [(2)] (II) When the funding ratio for the employees' systems is below
4 90%, the employees' [system contribution] **CORRIDOR FUNDING** rate shall be the
5 sum of:

6 [(i)] 1. the employees' [system contribution] **CORRIDOR**
7 **FUNDING** rate for the previous fiscal year; and

8 [(ii)] 2. 20% of the difference between the [full] **PARTIAL**
9 funding rate for the current fiscal year and the employees' [system contribution]
10 **CORRIDOR FUNDING** rate for the previous fiscal year.

11 [(3)] (III) When the funding ratio for the employees' systems is above
12 110%, the employees' [system contribution] **CORRIDOR FUNDING** rate shall be the
13 [difference between:

14 (i) the employees' system contribution rate for the previous
15 fiscal year; and

16 (ii) 20% of the difference between the employees' system
17 contribution rate for the previous fiscal year and] **SAME AS** the [full] **PARTIAL**
18 funding rate for the current fiscal year.

19 [(f) (1)] (4) (I) When the funding ratio for the teachers' systems is
20 between 90% and 110%, the teachers' [system contribution] **CORRIDOR FUNDING**
21 rate is the **TEACHERS' CORRIDOR FUNDING** rate for the previous fiscal year,
22 adjusted to reflect legislative changes that result in changes in normal cost and to
23 amortize over [25] 30 years any actuarial liabilities of the teachers' systems.

24 [(2)] (II) When the funding ratio for the teachers' systems is below
25 90%, the teachers' [system contribution] **CORRIDOR FUNDING** rate shall be the sum
26 of:

27 [(i)] 1. the teachers' [system contribution] **CORRIDOR**
28 **FUNDING** rate for the previous fiscal year; and

29 [(ii)] 2. 20% of the difference between the [full] **PARTIAL**
30 funding rate for the current fiscal year and the teachers' [system contribution]
31 **CORRIDOR FUNDING** rate for the previous fiscal year.

32 [(3)] (III) When the funding ratio for the teachers' systems is above
33 110%, the teachers' [system contribution] **CORRIDOR FUNDING** rate shall be the
34 [difference between:

1 (i) the teachers' system contribution rate for the previous fiscal
2 year; and

3 (ii) 20% of the difference between the teachers' system
4 contribution rate for the previous fiscal year and] SAME AS the [full] PARTIAL
5 funding rate for the current fiscal year.

6 **(5) (I) FOR EACH FISCAL YEAR BEGINNING JULY 1, 2011, AND**
7 **EACH SUBSEQUENT FISCAL YEAR THROUGH THE FISCAL YEAR BEGINNING JULY**
8 **1, 2015, IF THE EMPLOYER CONTRIBUTION FOR THE EMPLOYEES' SYSTEMS**
9 **CALCULATED USING THE PARTIAL FUNDING RATE EXCEEDS THE ALTERNATIVE**
10 **EMPLOYER CONTRIBUTION FOR THE EMPLOYEES' SYSTEMS CALCULATED USING**
11 **THE EMPLOYEES' CORRIDOR FUNDING RATE, THEN:**

12 **1. ON JULY 1, 2011, THE EMPLOYER CONTRIBUTION**
13 **FOR THE EMPLOYEES' SYSTEMS SHALL EQUAL THE ALTERNATIVE EMPLOYER**
14 **CONTRIBUTION PLUS 20% OF THE DIFFERENCE BETWEEN THE PARTIAL**
15 **FUNDING RATE FOR THE EMPLOYEES' SYSTEMS AND THE EMPLOYEES'**
16 **CORRIDOR FUNDING RATE;**

17 **2. ON JULY 1, 2012, THE EMPLOYER CONTRIBUTION**
18 **FOR THE EMPLOYEES' SYSTEMS SHALL EQUAL THE ALTERNATIVE EMPLOYER**
19 **CONTRIBUTION PLUS 40% OF THE DIFFERENCE BETWEEN THE PARTIAL**
20 **FUNDING RATE FOR THE EMPLOYEES' SYSTEMS AND THE EMPLOYEES'**
21 **CORRIDOR FUNDING RATE;**

22 **3. ON JULY 1, 2013, THE EMPLOYER CONTRIBUTION**
23 **FOR THE EMPLOYEES' SYSTEMS SHALL EQUAL THE ALTERNATIVE EMPLOYER**
24 **CONTRIBUTION PLUS 60% OF THE DIFFERENCE BETWEEN THE PARTIAL**
25 **FUNDING RATE FOR THE EMPLOYEES' SYSTEMS AND THE EMPLOYEES'**
26 **CORRIDOR FUNDING RATE;**

27 **4. ON JULY 1, 2014, THE EMPLOYER CONTRIBUTION**
28 **FOR THE EMPLOYEES' SYSTEMS SHALL EQUAL THE ALTERNATIVE EMPLOYER**
29 **CONTRIBUTION PLUS 80% OF THE DIFFERENCE BETWEEN THE PARTIAL**
30 **FUNDING RATE FOR THE EMPLOYEES' SYSTEMS AND THE EMPLOYEES'**
31 **CORRIDOR FUNDING RATE; AND**

32 **5. ON JULY 1, 2015, THE EMPLOYER CONTRIBUTION**
33 **FOR THE EMPLOYEES' SYSTEMS SHALL EQUAL THE ALTERNATIVE EMPLOYER**
34 **CONTRIBUTION.**

1 **(II) FOR EACH FISCAL YEAR BEGINNING JULY 1, 2011, AND**
2 **EACH SUBSEQUENT FISCAL YEAR THROUGH THE FISCAL YEAR BEGINNING JULY**
3 **1, 2015, IF THE EMPLOYER CONTRIBUTION FOR THE TEACHERS' SYSTEMS**
4 **CALCULATED USING THE PARTIAL FUNDING RATE EXCEEDS THE ALTERNATIVE**
5 **EMPLOYER CONTRIBUTION FOR THE TEACHERS' SYSTEMS CALCULATED USING**
6 **THE TEACHERS' CORRIDOR FUNDING RATE, THEN:**

7 **1. ON JULY 1, 2011, THE EMPLOYER CONTRIBUTION**
8 **FOR THE TEACHERS' SYSTEMS SHALL EQUAL THE ALTERNATIVE EMPLOYER**
9 **CONTRIBUTION FOR THE TEACHERS' SYSTEMS PLUS 20% OF THE DIFFERENCE**
10 **BETWEEN THE PARTIAL FUNDING RATE FOR THE TEACHERS' SYSTEMS AND THE**
11 **TEACHERS' CORRIDOR FUNDING RATE;**

12 **2. ON JULY 1, 2012, THE EMPLOYER CONTRIBUTION**
13 **FOR THE TEACHERS' SYSTEMS SHALL EQUAL THE ALTERNATIVE EMPLOYER**
14 **CONTRIBUTION FOR THE TEACHERS' SYSTEMS PLUS 40% OF THE DIFFERENCE**
15 **BETWEEN THE PARTIAL FUNDING RATE FOR THE TEACHERS' SYSTEMS AND THE**
16 **TEACHERS' CORRIDOR FUNDING RATE;**

17 **3. ON JULY 1, 2013, THE EMPLOYER CONTRIBUTION**
18 **FOR THE TEACHERS' SYSTEMS SHALL EQUAL THE ALTERNATIVE EMPLOYER**
19 **CONTRIBUTION FOR THE TEACHERS' SYSTEMS PLUS 60% OF THE DIFFERENCE**
20 **BETWEEN THE PARTIAL FUNDING RATE FOR THE TEACHERS' SYSTEMS AND THE**
21 **TEACHERS' CORRIDOR FUNDING RATE;**

22 **4. ON JULY 1, 2014, THE EMPLOYER CONTRIBUTION**
23 **FOR THE TEACHERS' SYSTEMS SHALL EQUAL THE ALTERNATIVE EMPLOYER**
24 **CONTRIBUTION FOR THE TEACHERS' SYSTEMS PLUS 80% OF THE DIFFERENCE**
25 **BETWEEN THE PARTIAL FUNDING RATE FOR THE TEACHERS' SYSTEMS AND THE**
26 **TEACHERS' CORRIDOR FUNDING RATE; AND**

27 **5. ON JULY 1, 2015, THE EMPLOYER CONTRIBUTION**
28 **FOR THE TEACHERS' SYSTEMS SHALL EQUAL THE ALTERNATIVE EMPLOYER**
29 **CONTRIBUTION FOR THE TEACHERS' SYSTEMS.**

30 **(6) (I) IF, FOR ANY FISCAL YEAR BEGINNING JULY 1, 2011,**
31 **AND EACH SUBSEQUENT FISCAL YEAR THROUGH THE FISCAL YEAR BEGINNING**
32 **JULY 1, 2015, THE EMPLOYER CONTRIBUTION FOR THE EMPLOYEES' SYSTEMS**
33 **CALCULATED USING THE PARTIAL FUNDING RATE IS LESS THAN OR EQUAL TO**
34 **THE ALTERNATIVE EMPLOYER CONTRIBUTION FOR THE EMPLOYEES' SYSTEMS**
35 **CALCULATED USING THE EMPLOYEES' CORRIDOR FUNDING RATE, THE ACTUARY**
36 **SHALL CEASE CALCULATING THE EMPLOYEES' CORRIDOR FUNDING RATE FOR**
37 **ANY SUBSEQUENT FISCAL YEAR.**

1 **(II) IF, FOR ANY FISCAL YEAR BEGINNING JULY 1, 2011,**
 2 **AND EACH SUBSEQUENT FISCAL YEAR THROUGH THE FISCAL YEAR BEGINNING**
 3 **JULY 1, 2015, THE EMPLOYER CONTRIBUTION FOR THE TEACHERS' SYSTEMS**
 4 **CALCULATED USING THE PARTIAL FUNDING RATE IS LESS THAN OR EQUAL TO**
 5 **THE ALTERNATIVE EMPLOYER CONTRIBUTION FOR THE TEACHERS' SYSTEMS**
 6 **CALCULATED USING THE TEACHERS' CORRIDOR FUNDING RATE, THE ACTUARY**
 7 **SHALL CEASE CALCULATING THE TEACHERS' CORRIDOR FUNDING RATE FOR**
 8 **ANY SUBSEQUENT FISCAL YEAR.**

9 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
 10 read as follows:

11 **Article – State Personnel and Pensions**

12 21–305.2.

13 (a) In this section, “employees’ systems” means the Employees’ Pension
 14 System and the Employees’ Retirement System.

15 (b) As part of each actuarial valuation, the actuary shall determine the
 16 accrued liability contributions on account of members of the employees’ systems who
 17 are employees of participating governmental units.

18 (c) Beginning July 1, ~~[2001]~~ **2010**, each year the Board of Trustees shall set
 19 contribution rates for each State system that shall amortize:

20 (1) all unfunded liabilities or surpluses accrued as of June 30, 2000,
 21 over 20 years; and

22 (2) any new unfunded liabilities or surpluses that have accrued from
 23 July 1 of the preceding fiscal year over ~~[25]~~ **30** years to reflect:

24 (i) experience gains and losses;

25 (ii) the effect of changes in actuarial assumptions; and

26 (iii) the effect of legislation effective on or after July 1, 2001.

27 SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland
 28 read as follows:

29 **Article – State Personnel and Pensions**

30 21–304.

31 (a) (1) In this section the following words have the meanings indicated.

1 (2) “Full funding rate” means the sum of:

2 (i) the aggregate normal rate that is based on the normal
3 contribution rate calculated under subsection (c) of this section and adjusted to
4 incorporate legislative changes in benefits to reflect changes to the normal cost; and

5 (ii) the aggregate unfunded accrued liability contribution rate
6 that is based on the unfunded accrued liability contribution rate under subsection
7 (d)(1) and (2) of this section.

8 (3) [“Funding ratio for the employees’ systems” means the actuarial
9 value of assets for the employees’ systems divided by the actuarial accrued liability for
10 the employees’ systems.

11 (4) “Funding ratio for the teachers’ systems” means the actuarial
12 value of assets for the teachers’ systems divided by the actuarial accrued liability for
13 the teachers’ systems.

14 (5)] “Partial funding rate” means 90% of the full funding rate.

15 [(6)] (4) “State member” does not include a member on whose behalf
16 a participating governmental unit is required to make an employer contribution under
17 § 21–305 or § 21–306 of this subtitle.

18 (b) (1) Each fiscal year, on behalf of the State members of each State
19 system, the State shall pay to the appropriate accumulation fund an amount equal to
20 or greater than the sum of the amount, if any, required to be included in the budget
21 bill under § 3–501(c)(2)(ii) of this article and the product of multiplying:

22 (i) the aggregate annual earnable compensation of the State
23 members of that State system; and

24 (ii) the sum of the normal contribution rate and the accrued
25 liability contribution rate, as determined under this section.

26 (2) The amount determined under paragraph (1) of this subsection for
27 each State system shall be based on an actuarial determination of the amounts that
28 are required to preserve the integrity of the funds of the several systems using:

29 (i) the entry–age actuarial cost method; and

30 (ii) actuarial assumptions adopted by the Board of Trustees.

31 (3) For the purpose of making the determinations required under this
32 section:

1 (i) the Employees' Retirement System, the Employees' Pension
2 System, the Correctional Officers' Retirement System, and the Legislative Pension
3 Plan shall be considered together as one State system; and

4 (ii) the Teachers' Retirement System and the Teachers' Pension
5 System shall be considered together as one State system.

6 (c) (1) As part of each actuarial valuation, the actuary shall determine
7 the normal contributions, net of member contributions, on account of the State
8 members of each State system.

9 (2) For each State system, the normal contribution rate equals the
10 fraction that has:

11 (i) as its numerator, the sum of the normal contributions
12 determined under this subsection; and

13 (ii) as its denominator, the aggregate annual earnable
14 compensation of the State members of the State system.

15 (d) (1) Beginning July 1, 2010, each year the Board of Trustees shall set
16 contribution rates for each State system and shall amortize:

17 (i) all unfunded liabilities or surpluses accrued as of June 30,
18 2000, over 20 years; and

19 (ii) any new unfunded liabilities or surpluses that have accrued
20 from July 1 of the preceding fiscal year over 30 years to reflect:

21 1. experience gains and losses;

22 2. the effect of changes in actuarial assumptions; and

23 3. the effect of legislation effective on or after July 1,
24 2001.

25 (2) If the accrued liability is increased by legislation that provides for
26 early retirement of State employees, the additional liability shall be funded over a
27 period of 5 years beginning on:

28 (i) July 1, 1997 for legislation effective June 1, 1996; and

29 (ii) July 1, 1998 for legislation effective June 1, 1997.

30 (3) If the accrued liability is increased by legislation effective June 1,
31 1998, that provides for the early retirement of employees of the University System of
32 Maryland who are members of the Employees' Pension System or the Employees'
33 Retirement System, the additional liability shall be determined by the actuary and

1 funded over a period of 5 years beginning on July 1, 1999 by payment of an annual
2 accrued liability contribution by the University System of Maryland and the Medical
3 System as provided in § 21-307(h) and (i) of this subtitle.

4 [(e) (1) (i) In this subsection the following words have the meanings
5 indicated.

6 (ii) “Employees’ corridor funding rate” means the alternative
7 contribution rate for the employees’ systems calculated under this subsection.

8 (iii) “Teachers’ corridor funding rate” means the alternative
9 contribution rate for the teachers’ systems calculated under this subsection.

10 (2) In addition to the employer contribution calculated under
11 subsection (b) of this section for each State system, the actuary shall calculate:

12 (i) an alternative contribution for the employees’ systems using
13 the employees’ corridor funding rate; and

14 (ii) an alternative contribution for the teachers’ systems using
15 the teachers’ corridor funding rate.

16 (3) (i) When the funding ratio for the employees’ systems is
17 between 90% and 110%, inclusive, the employees’ corridor funding rate is the
18 employees’ corridor funding rate for the previous fiscal year, adjusted to reflect
19 legislative changes that result in changes in normal cost and to amortize over 30 years
20 any actuarial liabilities of the employees’ systems.

21 (ii) When the funding ratio for the employees’ systems is below
22 90%, the employees’ corridor funding rate shall be the sum of:

23 1. the employees’ corridor funding rate for the previous
24 fiscal year; and

25 2. 20% of the difference between the partial funding rate
26 for the current fiscal year and the employees’ corridor funding rate for the previous
27 fiscal year.

28 (iii) When the funding ratio for the employees’ systems is above
29 110%, the employees’ corridor funding rate shall be the same as the partial funding
30 rate for the current fiscal year.

31 (4) (i) When the funding ratio for the teachers’ systems is between
32 90% and 110%, the teachers’ corridor funding rate is the teachers’ corridor funding
33 rate for the previous fiscal year, adjusted to reflect legislative changes that result in
34 changes in normal cost and to amortize over 30 years any actuarial liabilities of the
35 teachers’ systems.

1 (ii) When the funding ratio for the teachers' systems is below
2 90%, the teachers' corridor funding rate shall be the sum of:

3 1. the teachers' corridor funding rate for the previous
4 fiscal year; and

5 2. 20% of the difference between the partial funding rate
6 for the current fiscal year and the teachers' corridor funding rate for the previous
7 fiscal year.

8 (iii) When the funding ratio for the teachers' systems is above
9 110%, the teachers' corridor funding rate shall be the same as the partial funding rate
10 for the current fiscal year.

11 (5) (i) For each fiscal year beginning July 1, 2011, and each
12 subsequent fiscal year through the fiscal year ending June 30, 2015, if the employer
13 contribution for the employees' systems calculated using the partial funding rate
14 exceeds the alternative employer contribution for the employees' systems calculated
15 using the employees' corridor funding rate, then:

16 1. on July 1, 2011, the employer contribution for the
17 employees' systems shall equal the alternative employer contribution plus 20% of the
18 difference between the partial funding rate for the employees' systems and the
19 employees' corridor funding rate;

20 2. on July 1, 2012, the employer contribution for the
21 employees' systems shall equal the alternative employer contribution plus 40% of the
22 difference between the partial funding rate for the employees' systems and the
23 employees' corridor funding rate;

24 3. on July 1, 2013, the employer contribution for the
25 employees' systems shall equal the alternative employer contribution plus 60% of the
26 difference between the partial funding rate for the employees' systems and the
27 employees' corridor funding rate;

28 4. on July 1, 2014, the employer contribution for the
29 employees' systems shall equal the alternative employer contribution plus 80% of the
30 difference between the partial funding rate for the employees' systems and the
31 employees' corridor funding rate; and

32 5. on July 1, 2015, the employer contribution for the
33 employees' systems shall equal the alternative employer contribution.

34 (ii) For each fiscal year beginning July 1, 2011, and each
35 subsequent fiscal year through the fiscal year ending June 30, 2015, if the employer
36 contribution for the teachers' systems calculated using the partial funding rate

1 exceeds the alternative employer contribution for the teachers' systems calculated
2 using the teachers' corridor funding rate, then:

3 1. on July 1, 2011, the employer contribution for the
4 teachers' systems shall equal the alternative employer contribution for the teachers'
5 systems plus 20% of the difference between the partial funding rate for the teachers'
6 systems and the teachers' corridor funding rate;

7 2. on July 1, 2012, the employer contribution for the
8 teachers' systems shall equal the alternative employer contribution for the teachers'
9 systems plus 40% of the difference between the partial funding rate for the teachers'
10 systems and the teachers' corridor funding rate;

11 3. on July 1, 2013, the employer contribution for the
12 teachers' systems shall equal the alternative employer contribution for the teachers'
13 systems plus 60% of the difference between the partial funding rate for the teachers'
14 systems and the teachers' corridor funding rate;

15 4. on July 1, 2014, the employer contribution for the
16 teachers' systems shall equal the alternative employer contribution for the teachers'
17 systems plus 80% of the difference between the partial funding rate for the teachers'
18 systems and the teachers' corridor funding rate; and

19 5. on July 1, 2015, the employer contribution for the
20 teachers' systems shall equal the alternative employer contribution for the teachers'
21 systems.

22 (6) (i) If, for any fiscal year beginning July 1, 2011, and each
23 subsequent fiscal year through the fiscal year beginning July 1, 2015, the employer
24 contribution for the employees' systems calculated using the partial funding rate is
25 less than or equal to the alternative employer contribution for the employees' systems
26 calculated using the employees' corridor funding rate, the actuary shall cease
27 calculating the employees' corridor funding rate for any subsequent fiscal year.

28 (ii) If, for any fiscal year beginning July 1, 2011, and each
29 subsequent fiscal year through the fiscal year beginning July 1, 2015, the employer
30 contribution for the teachers' systems calculated using the partial funding rate is less
31 than or equal to the alternative employer contribution for the teachers' systems
32 calculated using the teachers' corridor funding rate, the actuary shall cease calculating
33 the teachers' corridor funding rate for any subsequent fiscal year.]

34 SECTION 4. AND BE IT FURTHER ENACTED, That Section 3 of this Act shall
35 take effect July 1, 2016.

36 SECTION 5. AND BE IT FURTHER ENACTED, That, except as provided in
37 Section 4 of this Act, this Act shall take effect July 1, 2010. Section 1 of this Act shall
38 remain effective for a period of 6 years and, at the end of June 30, 2016, with no

1 further action required by the General Assembly, Section 1 of this Act shall be
2 abrogated and of no further force and effect.